EU ETS Aviation

- Aviation global emissions grow sharply.
- *EU ETS Directive was amended to cover aviation activities in 2008: emissions from all flights to and from EU airports from 2012*
- Stop the clock Decision in 2013.
- *Regulation 411/2014 following the 2013 ICAO Assembly:*
  - EU ETS limited to intra EEA flights between 2013-2016
  - Working well and delivering
  - Facilitating constructive discussions in ICAO.
  - Mandate to review the scope in relation to flights to/from third countries following the 39th Assembly (October 2016)
2016 ICAO Assembly - CORSIA

- **Resolution on CORSIA:**
  - Offsetting mechanism aiming at CNG 2020.
  - Route based
  - Phase in approach (voluntary participation until 2027)
  - 20% gap. Review clause.

- **Outstanding work:** MRV, registries, quality of offsets, alternative fuels ...

- **Implementation:**
  - ICAO level (registry, decision on eligible units...)
  - Domestic implementation by States – need to monitor domestic action to implement CORSIA by third countries
Further context: relevant developments in climate policy since 2013

- **Paris Agreement:**
  - Well below 2 degrees target and decarbonisation in the 2nd half of century. All sources of anthropogenic emissions (all sectors) to contribute.
  - Accounting rules and new developments in carbon markets (SDM).
- **EU economy-wide 2030 target:** at least 40% domestic reduction (without international credits).
Impact Assessment

- **2017-2020:**
  - No global measure in place
  - CORSIA rules to be finalized; States should prepare for implementation

- **From 2021:**
  - Expectation to have CORSIA operational
  - Implementation of CORSIA on routes to and from third countries is assumed
  - Intra-EEA flights: different options are possible, from continuing the EU ETS to replacing it by CORSIA (or intermediate options).

- **Conclusion:** *continuation of intra-EEA 2017-2020; need for a new (in depth) analysis once CORSIA finalised.*
IA – Assessment of CORSIA

The IA includes a first analysis of CORSIA and its impacts in the EU based on its main features:

- Offsetting (international credits)
- Baseline: CNG 2020 – average 2019/20 emissions
- Expected participation
- Legal form: Assembly resolution (not binding). SARPs expected (binding for States – unless differences are filed)

Comparison with EU ETS (use of allowances domestic reductions; cap = 95% of average 2004-2006 emissions; legally binding EU law)

Contribution to EU 2030 climate targets (-40% domestic reductions)
Legal proposal (I)

- Continuation of intra-EEA scope from 2017 onwards
- Intra-EEA ETS continues until the next review: not time-limited
- Allocation maintained as in 2016. LRF applies from 2021 (in the absence of review)
- Exception for non-commercial operators < 1 000 tonnes CO$_2$ extended beyond 2020
- Entry into force on the day of its publication: urgency in view of 2017 compliance cycle.
Legal proposal (II)

- **Review:**
  - Commission will report on developments in ICAO (SARPs) and implementation of CORSIA by 3rd countries
  - The report should consider CORSIA implementation through EU ETS legislation and rules for intra-EEA flights emissions
  - The report may be accompanied by a new legal proposal consistent with EU's 2030 climate targets.
- **Empowerment to the Commission to adopt MRV rules for the purpose of the CORSIA implementation**